

## **Capital & Counties Properties PLC**

### **Supplemental to the Scrip Dividend Scheme Notice: South African Taxation**

Following the publication of the Scrip Dividend Notice on 12 March 2012, Capital & Counties Properties PLC ("**the Company**") has been advised of amendments to the taxation legislation in force in South Africa.

It should be noted that the points made below are a supplemental to the Scrip Dividend Notice of 12 March 2012 and the two documents should be read together. This information is included only as a general guide to taxation for shareholders resident in South Africa based on the company's understanding of the law and the practice currently in force. Any shareholder who is in any doubt as to their tax position should seek independent professional advice.

It should be noted that the Supplemental Notices of 16 May 2012, 14 August 2012 and 22 February 2013 are replaced by this document in their entirety.

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#### **Have the changes to South African tax legislation affected the taxation of cash dividends?**

No, there has been no material change to the tax position in relation to cash dividends (including residual cash dividends).

Any cash dividend paid by the Company will constitute a dividend for South African dividends tax purposes. Dividends tax will accordingly be withheld from the amount of any cash dividend at a rate of 15 per cent, unless a shareholder qualifies for an exemption and the prescribed requirements for effecting the exemption are met.

Cash dividends received will be exempt from income tax.

#### **How does a qualifying shareholder claim an exemption in respect of dividends tax levied on the cash dividend?**

Where a shareholder is entitled to an exemption from dividends tax in respect of a cash dividend, (eg. such shareholder is *inter alia* a South African tax resident company or a pension fund), then the shareholder in question must submit to the Company (or a regulated intermediary, as the case may be) a declaration that the beneficial owner of the dividend qualifies for such exemption as well as a written undertaking to inform the Company (or regulated intermediary, as the case may be)

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of any circumstances affecting the exemption or should there be any change in beneficial ownership.

The aforementioned declaration and undertaking must be made by a date determined by the Company (or regulated intermediary, as the case may be) or if no date has been determined, by the date of payment of the dividend. The declaration and undertaking must further be made in a form prescribed by the Commissioner of the South African Revenue Service.

**Have the changes to South African tax legislation affected the taxation of scrip dividends received?**

Yes, there have been amendments to the Income Tax Act (No 58 of 1962) to exclude the issuance of a share by a foreign company from constituting a foreign dividend or a foreign return of capital. As a result, the issue and receipt of shares pursuant to the scrip dividend alternative will not have any immediate income tax nor dividends tax implications.

The new shares which are acquired under the scrip dividend alternative will be treated as having been acquired for nil consideration.

**Will South African shareholders be subject to tax in the United Kingdom in respect of cash dividends?**

No, we understand from UK counsel that cash dividends distributed in respect of shares on the South African branch register will not be subject to any tax in the United Kingdom.